



**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 5th day of February, 2003

Application of

**PAN AMERICAN AIRWAYS CORP.**

for a waiver from the 45-day advance notice provision  
of section 204.7 of the Department's Aviation Economic  
Regulations

**Served: February 10, 2003**

**Docket OST-03-14335**

**ORDER CONFIRMING ORAL ACTION  
AUTHORIZING RESUMPTION OF OPERATIONS**

**Summary**

By this order, we are confirming our oral action of February 3, 2003, authorizing Pan American Airways Corp. (Pan Am) to resume its scheduled passenger operations.

**Background**

On January 10, 2003, Pan Am, a certificated air carrier, advised the Department that it was temporarily suspending its scheduled domestic and international operations as of January 15, 2003. Pan Am indicated that this suspension of operations was being taken in response to extremely light forecast passenger bookings over the short-term and that it anticipated resuming operations in mid-February when it expected to have a higher traffic volume. As a result of this cessation, Pan Am's certificate authority was automatically suspended pursuant to the provisions of section 204.7 of the Department's Aviation Economic Regulations (14 CFR 204.7). Under that section, in order for Pan Am to recommence certificated operations, it was required to file a notice at least 45 days in advance of the date it intended to resume service and have its fitness re-established.<sup>1</sup>

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<sup>1</sup> Counsel for Pan Am was advised on January 14, 2003, that the Department would consider Pan Am's temporary suspension of scheduled operations to be a cessation of operations within the meaning of section 204.7 of our rules. While Pan Am indicated that it intended to remain available to conduct charter operations during this suspense period, we determined that its lack of charter contracts for this time period, coupled with its action furloughing all flight crew personnel, meant that Pan Am had, in fact, ceased all operations. As a result, Pan Am was advised that, prior to resuming any operations, it would be required to file notice of its intent to resume operations and undergo a fitness redetermination.

On January 22, 2003, Pan Am requested a waiver from the 45-day notice provisions of section 204.7 and filed the information we required to redetermine its fitness to recommence operations. In support of its request, Pan Am noted that it planned to resume scheduled passenger operations in early February (with its first scheduled flight to be operated on February 9 between Portsmouth, New Hampshire, and Sanford, Florida). Further, Pan Am noted that it would conduct these resumed operations initially using only two of its seven B727 aircraft and, throughout the remainder of 2003, it would gradually expand its scheduled operations to utilize six of its aircraft.<sup>2</sup>

### **Decision**

After reviewing the fitness information provided by Pan Am, we determined that the company meets our fitness standards.<sup>3</sup> Further, we found that it was in the public interest to grant Pan Am's waiver request immediately so that it could make all necessary preparations to resume operations in a timely manner, subject to the company's first complying with all safety requirements set by the Federal Aviation Administration. We orally granted the waiver on February 3, 2003, and we confirm that action by this order.

**ACCORDINGLY**, Acting under authority assigned by the Department in its Regulations, 14 CFR 385.12(a)(5)(iv) and (b)(1):

1. We confirm our oral action of February 3, 2003, granting the application of Pan American Airways Corp. for a waiver from the 45-day advance notice requirements of section 204.7 of the Department's Aviation Economic Regulations to permit it to resume certificated operations, subject to its first complying with all safety requirements set by the Federal Aviation Administration.

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<sup>2</sup> Pan Am indicated that all of its B727 aircraft would remain available for service, including ad hoc charter flights, during the year. By December 2003, Pan Am forecasts that it will be operating scheduled service in five domestic city-pair markets and two foreign city-pair markets.

<sup>3</sup> Pan Am provided financial statements which showed that, despite losses totaling approximately \$17 million in calendar year 2002, it remained in adequate financial condition overall with a positive working capital position of \$1.29 million, a current assets to current liabilities ratio of 1.16:1, and no long term debt other than that owed to associated companies. Further, it provided third-party verification of its cash balances totaling approximately \$4.79 million. In light of the fact that Pan Am's suspension of flight operations was brief, it retained all of its equipment, facilities, and personnel (other than the flight crew personnel who were furloughed and are being recalled as needed) and it estimates that its phased resumption of scheduled service will entail no significant non-recurring costs. Pan Am noted further that it had not undergone any changes in its ownership or compliance disposition. While it has had an almost complete change in its key technical personnel since our last fitness review in August 1999, these changes for the most part took place prior to Pan Am's current suspension of operations and were not as a direct result of this suspension. Further, we have reviewed the qualifications of Pan Am's current management and key technical personnel team and find that, as a whole, Pan Am possesses sufficient managerial and key technical experience to conduct its proposed operations.

2. We will serve a copy of this order on the persons listed in Attachment A.

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR 385.30, may file their petitions within 10 days of the service date of this order.

The action confirmed in this order was effective when taken and the filing of a petition for review shall not alter its effectiveness.

By:

**Randall D. Bennett**  
Director  
Office of Aviation Analysis

(SEAL)

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<http://dms.dot.gov>*

**SERVICE LIST FOR PAN AMERICAN AIRWAYS CORP.**

Attachment A

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